

Medicare Prescription Drug Benefit: Republican v. Democratic Proposals

Plan Element	Republican Proposal	Democratic Proposal
Guaranteed Minimum Benefit	<u>NO</u> Beneficiaries must obtain coverage through private insurers, who may not participate and can offer vastly different benefits and premiums.	<u>YES</u> Medicare covers prescription drugs like other Medicare benefits, with guaranteed benefits, premiums, and cost sharing for all beneficiaries.
Guaranteed Fair Drug Prices	<u>NO</u> Private insurers negotiate separately on behalf of subsets of the Medicare population, diminishing the program's group negotiating power.	<u>YES</u> The Secretary of HHS uses the collective bargaining clout of all 40 million Medicare beneficiaries to negotiate fair drug prices. These reduced prices will be passed on to beneficiaries.
Premium	Not specified. It is estimated to be: \$35/month \$420/year ¹	Specified in statute. \$25/month \$300/year
Deductible	\$250/year ¹	\$100/year
Co-insurance	20% for first \$1,000 50% for next \$1,000 100% for all remaining spending up to the out-of-pocket maximum ¹	20%
Out-of-Pocket Maximum	\$3,800/year ¹	\$2,000/year
Coverage Gaps	<u>YES</u> Beneficiaries who need more than \$2,000 worth of drugs must pay 100% out-of-pocket (and keep paying premiums) until they reach the \$3,800 out-of-pocket cap.	<u>NO</u> Beneficiaries always have coverage, with no gaps.
Access to Local Pharmacies	<u>LIMITED</u> Private plans can limit which pharmacies participate in their network.	<u>BROAD</u> Any willing pharmacy must be included in the network.
Access to Prescribed Medicines	<u>LIMITED</u> Private insurers can establish strict formularies and deny any coverage for off-formulary drugs.	<u>BROAD</u> Beneficiaries have coverage for any drug their doctor prescribes.
Low-Income Protections	<u>WEAK</u> Low-income beneficiaries may have to pay \$2 or \$5 co-pays and 100% of costs in the coverage gap. Drugs may be denied if the beneficiary can't afford this cost sharing.	<u>STRONG</u> No cost sharing or premiums up to 150% of poverty; sliding scale premiums phased in between 150% and 175% of poverty.

¹ Cost sharing amounts shown are benchmarks only. Actual cost sharing amounts will vary depending on the private plan the beneficiary chooses (assuming one is available).